

Interim Report Q2 January-June 2020



The second quarter

1,655

Order intake, MSEK

Order intake was MSEK 1,655 (2,201), a decline of -24.8% adjusted to -24.0% for currency effects of MSEK -18

1,726

Net sales, MSEK

Net sales were MSEK 1,726 (2,055), a decline of -16.0% adjusted to -15.5% for currency effects of MSEK -11

154

Operating profit, MSEK

Operating profit was MSEK 153.6 (174.8), a decrease of 12.1% with an operating margin of 8.9 (8.5)%

99

Net profit, MSEK

Earnings after tax were MSEK 98.8 (114.5)

0.55

Earnings per share, SEK

Earnings per share were SEK 0.55 (0.74)

230

Operating cash flow, MSEK

Cash flow from operating activities was MSEK 230.2 (146.0)

During the second quarter Covid-19 has been a significant focus for the Fagerhult Group. We have handled the situation well and adjusted our business to local government regulations and lower market activity levels. Gradually we see lockdowns being lifted and some markets show signs of recovery.

During the quarter the Group experienced operational closures in iGuzzini (Italy), Whitecroft (UK), Sistemalux (Canada), LED Linear (Germany) and Lighting Innovations (South Africa) as well as commercial office closures in several countries. From early May all larger operational sites were reopened with full capability.

Despite Covid-19 we have also continued to focus on medium-long term activities. The strategic alignment work that started in 2019 continues and the new business areas are established. Following Covid-19 we have also increased our focus on cost savings.

Unavoidably, the reduced market activity levels and lockdowns had a negative impact on the Group's trading performance in the quarter. Despite this, operating profits and the operating cash flows were relatively strong. The Covid-19 impact was most difficult during late March and April with May and June being more positive as a new normal level was established and full capability returned.

Order intake at 1,655 (2,201) MSEK was -24.0% organically adverse, compared to +7,1% organic growth in Q1. The reduced market activity was felt in all business areas with the highest impact in countries where the government regulated lockdowns were the strictest; Italy, France, Spain, the UK and USA. In the last few weeks we experienced a flattening of order intake, a positive sign that the market reduces no further.

Net sales at 1,726 (2,055) MSEK were -15.5% organically adverse, operating profits reduced 12.1% from 174.8 MSEK to 153.6 MSEK and the operating margin increased to 8.9 (8.5)%. There was 86 MSEK of cost savings as well as 37.6 MSEK of government subsidy income in the quarter.

Operating cash flow was positive at 230.2 (146.0) MSEK, +57.7% with the 84.2 MSEK increase resulting from an 85.7 MSEK increase in the year-on-year comparison in adjustments for non-cash items with other cash flow items netting to zero. Financial items of 25.4 (19.4) MSEK include 5.9 (5.6) MSEK for IFRS16.

CEO comments

- Whilst continuing to successfully manage the Covid-19 challenges the group has delivered a respectable operating result in the quarter.
- My sincere thanks and gratefulness go to every Group colleague. It has been a challenging episode but with great collaboration, hard work and a supportive company culture the second quarter exceeded expectations.
- I am happy to announce our second competence centre for our Organic Response technology, this will be based in Linköping, Sweden and opened beginning of August.
- At 1,685 MSEK, we started the second quarter with a healthy order backlog. I expect the lower second quarter order intake will be a challenge for net sales for the remainder of the year. The reducing cost base will support the operational result.
- We have a strong balance sheet and a healthy liquidity situation. We continue to increase our focus on cash generating activities as we do not know for how long the conditions will remain.
- We continue our strategic work with the new business area structure and we have identified many significant growth opportunities.
- The Group is well prepared for the future and is in a healthy condition. We will emerge strategically stronger from the current situation.



“The Group is well prepared for the future and is in a healthy condition.”

Bodil Sonesson, CEO and President

January-June

3,801

Order intake, MSEK

Order intake was MSEK 3,801 (3,789), an overall growth of 0.3% adjusted to -11.0% for acquisitions of MSEK 418 and currency effects of MSEK 10

During the first half of 2020 the Fagerhult Group faced several challenges. Many of these challenges were one-off events which have now been dealt with or the ongoing Covid-19 condition.

For the half year, the trading performance has been adverse to last year. The first quarter was challenging and during the second quarter, as a consequence of Covid-19 and the disrupted market activity we established a stable level of operation. For the remainder of the year we have an ongoing focus at reducing the cost base.

3,415

Net sales, MSEK

Net sales were MSEK 3,415 (3,650), a decline of -6.4% adjusted to -14.9% for acquisitions of MSEK 289 and currency effects of MSEK 18

We continue to see difficulties on the market and are taking all necessary short, medium and long-term steps to increase our performance and preparedness. At the same time, we continue the strategic alignment process where we see many opportunities for growth and the new business areas begin to execute on these.

The Group's half year order intake of 3,801 (3,789) MSEK shows a 0.3% increase, reducing to an -11.0% decline when adjusting for acquisitions (418 MSEK) and currency effects (10 MSEK).

164

Operating profit, MSEK

Operating profit was MSEK 164.3 (332.9) a 50.6% decrease with an operating margin of 4.8 (9.1)%

The Group's half year net sales of 3,415 (3,650) MSEK show a -6.4% decline, increasing to -14.9% when adjusting for acquisitions (289 MSEK) and currency effects (18 MSEK). The order backlog position is 1,514 MSEK.

The Group's operating profits at the half year of 164.3 (332.9) MSEK are boosted from the first quarter by a relatively strong result in the second of 153.6 (174.8) MSEK. Q1 was 10.7 (158.1) MSEK. The government subsidy income reported above of 37.6 MSEK is the same amount for the half year.

82

Net profit, MSEK

Earnings after tax were MSEK 82.4 (207.5)

The stronger second quarter operating margin of 8.9 (8.5)% helped to lift the half year operating margin to 4.8 (9.1)%. Operating cash flows improved to 318.1 (228.2) MSEK with the reduced operating profits offset by increases in adjustments for non-cash items with lower tax payments contributing the balance.

Financial items of 52.7 (51.0) MSEK include 13.4 (12.0) MSEK for IFRS16, a 5.1 MSEK decrease in interest costs to 28.3 MSEK and a 4.3 MSEK increase in currency effects to 12.4 MSEK.

0.46

Earnings per share, SEK

Earnings per share were SEK 0.46 (1.56)

The tax expense in the period of 29.2 (74.4) MSEK results in a 26.2 (26.4)% tax rate.

318

Operating cash flow, MSEK

Cash flow from operating activities was MSEK 318.1 (228.2)

Impacts of Covid-19

The Group's Response

The Fagerhult Group continues to take the Covid-19 pandemic, its actual and potential impact on all stakeholders and other matters very seriously. Planning and actions have continued since the announcement of the outbreak in China. A Covid-19 Response Team exists at Group level with other local teams within subsidiaries.

- The Group continues to follow the regulations and decisions made by local authorities and national governments.
- The Group continues to take appropriate measures for the safety and protection of employees, customers and suppliers.
- The Group has established Crisis Teams at Group level and across subsidiary entities.
- The Group has, where practically possible moved to a split-shift operation and home office set-up.
- The Group has established a regular Group wide communication process.
- The Group remains in close dialogue with its suppliers in order to continue to provide service to customers.
- The Group is in regular and transparent dialogue with its lenders.
- The Group has implemented new or improved processes to focus on short-medium-long term financial planning.
- The Group has, across several entities received income from government support packages

Qualitative Impacts

- The factories in Italy (iGuzzini), the UK (Whitcroft), Canada (Sistemalux), Germany (LED Linear) and South Africa (Lighting Innovations) have all been through a period of closure. All have now reopened, with full capabilities.
- All factories function with a 100% capability, but at a reduced capacity.
- The Group has had many of its sales networks closed with the employees working from home, some continue to do so. These closures have taken place in Southern Europe, the UK, the USA, the Middle East, Russia, Benelux & Switzerland, Australia and New Zealand.
- In some markets we continue to see volatility from customers where they are or are not able to accept deliveries.
- In many regions we see an impact on the level of market activity. This is affecting the level of new order intake for the Group which will have a negative impact on gross revenues.
- The high uncertainty and volatility of the virus conditions creates an almost impossible platform for reliably forecasting future performance.

Quantitative Financial Impacts

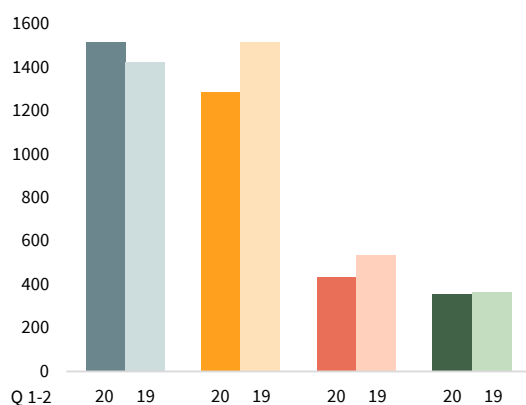
- The sharp decline in market activity has led to reduced order intake, 24% in the second quarter.
- The Group has been reducing its cost base from March and will continue to do so. Many cost reductions have already taken place and these continue. In the third quarter some entities will address its employee level and re-size the headcount appropriately to the lower level of activity. Strategic cost reviews are also taking place.
- In the first quarter the comparable cost level reduced 69 MSEK and in the second quarter this increased to 86 MSEK, 155 MSEK in the half year compared to 2019.
- Other than for critical developments and investments, the Group has temporarily suspended all new capital investments. The half year effect is a reduction of 61 MSEK in investments in non-current assets compared to 2019.
- For the second quarter the level of income from government support measures is 37.6 MSEK within 29 entities.
- We see an improved cash and liquidity position which also positively improves our covenant position.
- The Group increased its cash and undrawn credit facilities from 2160 MSEK at 30 March to 2238 MSEK at 30 June.
- The Group has and will continue to increase its provision for accounts receivable credit losses, 8 MSEK in Q2.
- The original dividend proposal of 1.50 SEK/share was not proposed to the AGM on 23 June.

Business areas

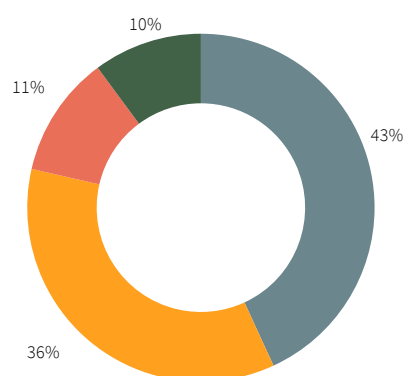
Net sales and operating profit by business area

	Net sales				Operating profit				Operating margin %			
	Q2		Q1-2		Q2		Q1-2		Q2		Q1-2	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Collection	810.7	915.4	1,517.9	1,424.0	91.3	60.3	55.3	99.1	11.3	6.6	3.6	7.0
Premium	611.7	758.9	1,281.1	1,513.8	50.5	74.6	97.6	160.1	8.3	9.8	7.6	10.6
Professional	220.1	286.5	428.3	537.3	9.6	19.3	1.3	35.5	4.4	6.7	0.3	6.6
Infrastructure	164.8	182.1	354.8	361.4	19.5	34.0	45.0	64.3	11.8	18.7	12.7	17.8
Eliminations	-81.3	-87.5	-166.7	-186.8	-	-	-	-	-	-	-	-
Operating profit by business area	1,726.0	2,055.4	3,415.4	3,649.7	173.0	190.1	203.7	362.3	10.0	9.2	6.0	9.9
IFRS 16	-	-	-	-	2.1	1.9	4.5	3.3	-	-	-	-
Unallocated cost	-	-	-	-	-19.4	-15.3	-39.4	-29.4	-	-	-	-
Operating profit	-	-	-	-	153.6	174.8	164.3	332.9	8.9	8.5	4.8	9.1
Financial items	-	-	-	-	-25.4	-19.4	-52.7	-51.0	-	-	-	-
Profit before tax	-	-	-	-	128.2	155.4	111.6	281.9	-	-	-	-

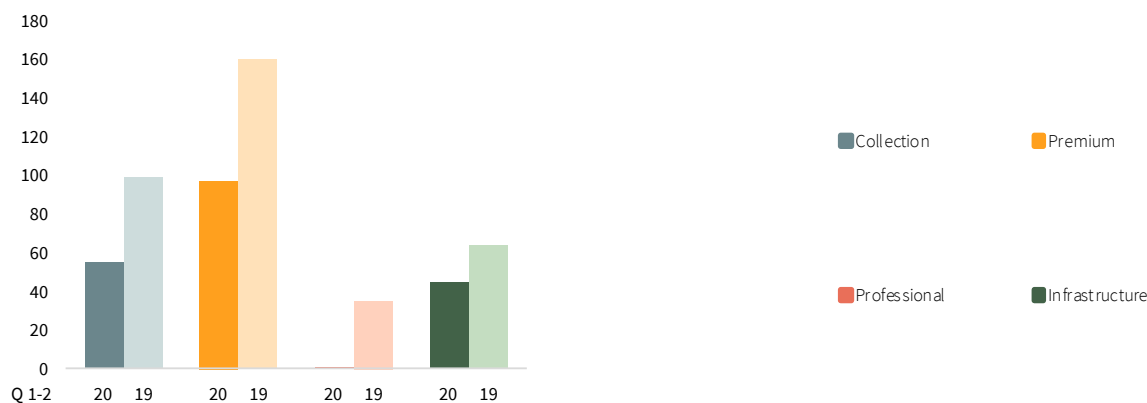
Net sales per business area, MSEK



Sales share per business area, %



Operating profit per business area, MSEK



Collection

Collection is home to our brands with a global market footprint. All have an international product portfolio and are well-renowned in the lighting designer and architect community globally. They offer a wide product range with a focus on both indoor and outdoor architectural applications.

Brands included are; ateljé Lyktan, iGuzzini, LED Linear and WE-EF with product development and manufacturing facilities in Sweden, Italy, Canada, China, Germany and Thailand. The business area also includes all sales companies for iGuzzini, LED Linear and WE-EF.

From their global network, the collaboration opportunities for future growth remain strong across the four businesses. We see some early development and progress being made from developing relationship.

The Covid-19 condition continues to have a negative effect on order intake and total revenue. Business area order intake of 1,627 (1,465) MSEK shows an organic decline of 18.3% after adjusting for currency and acquisitions of 430 MSEK. Net sales for the half year were 1,517.9 (1,424.0) MSEK, an increase of 6.6%. After adjusting for acquisitions of 289 MSEK, net sales reduced 13.7% to 1,228.9 MSEK.

Operating profits for the half year declined 44.2% to 55.3 (99.1) MSEK and this mainly results from the poor first quarter result.

Second quarter operating profits grew 51.4% to 91.3 (60.3) MSEK and resulted from higher net sales than Q1 and significant cost reductions in all entities combined with government subsidy income. During the second half year there will be further cost reductions in all entities.

The operating margin was 11.3 (6.6)%.

810.7

Net sales, MSEK

91.3

Operating profit, MSEK

11.3

Operating margin, %

ateljé Lyktan

iGuzzini

LED LINEAR

we-ef

Collection	Q2, 2020	Q2, 2019	Q1-2, 2020	Q1-2, 2019
Net sales	810.7	915.4	1,517.9	1,424.0
(of which, intercompany sales)	(22.3)	(25.5)	(44.6)	(46.9)
Operating profit	91.3	60.3	55.3	99.1
Operating margin, %	11.3	6.6	3.6	7.0
Sales growth, %	-11.4	-	6.6	-
Sales growth, adjusted for exchange rate differences, %	-11.9	-	5.1	-
Growth in operating profit, %	51.4	-	-44.2	-

Premium

Premium focuses on the European market and European-based global customers. Our Premium brands work closely with specifiers and partners to deliver premium projects, often with bespoke solutions for the customer. The majority of sales are related to indoor applications, and there is also an outdoor offering for specific markets.

Brands included are; Fagerhult and LTS with product development and manufacturing facilities in Sweden, Germany and China. The business area also includes all Fagerhult sales companies (except New Zealand) and the Organic Response Technologies business in Australia.

For the Premium business area there are several significant European growth opportunities, for example in Germany, Italy, France and the UK. These opportunities exist in several application segments from offices to retail and from healthcare to urban spaces. There is also an opportunity for the growing demand for connected solutions.

Business area order intake for the half year of 1,326 (1,504) MSEK results in an organic decline of -11.7%. Net sales for the half year were 1,281.1 (1,513.8) MSEK, a decrease of -15.4%. Covid-19 affects the European market activity to differing levels from Northern Europe to the UK to Southern Europe. The Premium Business Area also has a higher share of retail segment sales than other business areas.

Operating profits declined to 97.6 MSEK from 160.1 MSEK in 2019 with the main cause being reduced level of activity caused by Covid-19. During the third quarter we will complete a 100 headcount redundancy programme in Fagerhults Belysning.

611.7

Net sales, MSEK

50.5

Operating profit, MSEK

8.3

Operating margin, %

FAGERHULT



Premium	Q2, 2020	Q2, 2019	Q1-2, 2020	Q1-2, 2019
Net sales	611.7	758.9	1,281.1	1,513.8
<i>(of which, intercompany sales)</i>	<i>(36.0)</i>	<i>(37.3)</i>	<i>(70.6)</i>	<i>(71.2)</i>
Operating profit	50.5	74.6	97.6	160.1
Operating margin, %	8.3	9.8	7.6	10.6
Sales growth, %	-19.4	-	-15.4	-
Sales growth, adjusted for exchange rate differences, %	-18.3	-	-15.3	-
Growth in operating profit, %	-32.3	-	-39.0	-

Professional

Professional focuses mainly on indoor applications for local and neighbouring markets. The brands work closely together with local partners on project specifications to deliver full and complete solutions. Local production and product development allows for tailored solutions with bespoke products delivered within short lead times.

Brands included are; Arlight, Eagle Lighting, Lighting Innovations and Whitecroft, with product development and manufacturing facilities in Turkey, Australia, South Africa and the UK. The sales company in New Zealand is consolidated in this business area.

For the Professional business area, the opportunities for collaboration, knowledge sharing as well as jointly funded investments in these similar businesses are good.

Net sales for the half year were 428.3 (537.3) MSEK, a decrease of -20.3%. Net sales have reduced in all businesses as the market activity remains impacted by Covid-19 particularly in South Africa and Turkey. In these national based businesses, we see quite mixed levels of on-site project activity.

More positively, business area order intake of 473 (493) MSEK, -3.1% after adjusting for 5 MSEK of currency is performing relatively better than net sales. At 326 MSEK, +19% since the start of the year, the business area has a healthy order backlog.

Operating profits declined to just above break even at 1.3 (35.5) MSEK with significant losses in South Africa and reductions elsewhere. The level of profitability in Q2 at 9.6 MSEK compares to a loss of 8.3 MSEK for the first quarter. This is mainly due to the early April re-opening of the Whitecroft facility in the UK following a short closure due to Covid-19

As press-released on 7 August. The Fagerhult Group is investigating different exit options for its South African business Lighting Innovations, refer to post balance sheet event on page 10.

220.1

Net sales, MSEK

9.6

Operating profit, MSEK

4.4

Operating margin, %

ARLIGHT 

eaglelighting

LIGHTING
INNOVATIONS

Whitecroft
lighting 

Professional	Q2, 2020	Q2, 2019	Q1-2, 2020	Q1-2, 2019
Net sales	220.1	286.5	428.3	537.3
(of which, intercompany sales)	(18.1)	(17.9)	(42.5)	(37.6)
Operating profit	9.6	19.3	1.3	35.5
Operating margin, %	4.4	6.7	0.3	6.6
Sales growth, %	-23.2	-	-20.3	-
Sales growth, adjusted for exchange rate differences, %	-20.5	-	-18.9	-
Growth in operating profit, %	-50.3	-	-96.3	-

Infrastructure

Infrastructure provides lighting solutions for environments with specific requirements for installation, durability and robustness. The companies are world-leading in their areas and highly experienced in finding the best solutions for every project and customer. The majority of their sales are within Europe with some global installations.

Brands included are; Designplan Lighting, i-Valo and Veko, with product development and manufacturing facilities in UK, Finland and the Netherlands.

We see a significant growth opportunity for the business area in many European markets, particularly in Germany and the UK.

For the business area, order intake at 375 (327) MSEK continues to be healthy at +14.8% compared to 2019 and is set for a steady third quarter. Net sales for the half year were 354.8 (361.4) MSEK, a decrease of -3.1% after currency effects.

Net sales continue to be strong in the industrial and warehousing segment serviced by Veko. The Designplan business continues to be affected by the contraction of public sector spending in the UK and as a result a 12-person redundancy programme has been initiated in the third quarter.

Operating profits declined to 45.0 MSEK from 64.3 MSEK in 2019 and the operating margin was 12.7 (17.8) %.

During the half year the business area incurs 9.9 MSEK of currency losses related to the earn-out arrangement from the recent acquisition.

Infrastructure	Q2, 2020	Q2, 2019	Q1-2, 2020	Q1-2, 2019
Net sales	164.8	182.1	354.8	361.4
<i>(of which, intercompany sales)</i>	<i>(4.9)</i>	<i>(7.0)</i>	<i>(9.0)</i>	<i>(31.2)</i>
Operating profit	19.5	34.0	45.0	64.3
Operating margin, %	11.8	18.7	12.7	17.8
Sales growth, %	-9.5	-	-1.8	-
Sales growth, adjusted for exchange rate differences, %	-9.4	-	-3.1	-
Growth in operating profit, %	-42.6	-	-30.0	-

164.8

Net sales, MSEK

19.5

Operating profit, MSEK

11.8

Operating margin, %

designplan
L I G H T I N G

i VALO

VEKO
LIGHTSYSTEMS

Financial position

The Group's equity/assets ratio at the end of the reporting period was 42.6 (39.4)%. Cash and bank balances at the end of the period were 1,177 (989) MSEK and consolidated equity was 5,499 (5,208) MSEK.

The 89.9 MSEK improvement in operating cash flow for the half year from 318.1 MSEK to 228.2 MSEK results mainly from lower taxes paid of 64.5 MSEK and an increase in adjustments for non-cash items.

The net debt at the end of the period is 3,657 (4,331) MSEK and has reduced mainly from increased operational cash flows in the last 12 months. In the first quarter, 105 MSEK of earn-out payments were made for an earlier acquisition. Included within the net debt is 892 (930) MSEK relating to IFRS16 accounting.

At the end of the half year the Group has 2,238 MSEK of liquidity in the form of undrawn credit facilities and cash balances.

Pledged assets and contingent liabilities amounted to SEK 18.3 million (47.2) and SEK 4.1 million (1.5) respectively.

Investments

The Group's net investments in non-current assets was 81 (142) MSEK. The figure does not include investments in subsidiaries, which were 105 (2,672) MSEK.

Employees

The average number of employees during the period was 4,579 (4,360).

Post balance sheet event - Lighting Innovations

As reported on 7 August and as part of the on-going strategic review, the Fagerhult Group is investigating different exit options for its South African business Lighting Innovations based in Port Elizabeth. Lighting Innovations is one of the main domestic manufacturers of professional lighting solutions with a turnover of 161 MZAR, (approximately 85 MSEK) in 2019, just under 1,1% of the Group's consolidated net sales and employed 144 as at December 2019. The entity has been increasingly loss making in recent years.

The South African market has been challenging and continues not to develop as expected. As a result, we have decided to focus our investments on more attractive growth opportunities.

We will either find a buyer or close the business and liquidate the assets. A full update will be provided in the Q3 report due for release on 23 October. In the case of closing the business, it is anticipated that there will be a significant one-off write down of the Group's assets of approximately 156 MSEK which will be made during the third quarter. A sale of the business will affect any final write down value.

We anticipate the process will be completed during 2020.

Parent company

AB Fagerhult's operations comprise Group Management, financing and business development activities. The profit after financial items was 201.2 (17.1) MSEK. The number of employees during the period was 8 (7).

Accounting principles

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual accounts Act. The information for the interim period on pages 1-20 is an integral part of this financial report.

The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR.

Applied accounting principles are unchanged in comparison with those described in Fagerhult's annual report for the financial year 2019 except for the segment reporting. See further details below.

Income from government support as a result of Covid-19 are included in Other operating income in the income statement.

Segment reporting

As previously communicated in the annual report 2019 and press release of 20 March, effective from January 2020, Fagerhult has implemented a new strategic alignment model and structure for the financial segment reporting.

The segment reporting now follows the new structure of the Fagerhult Group which is based on four Business Areas; Collection, Premium, Professional and Infrastructure.

Each of our 13 brands belongs to one of the Business Areas and the selection has been done based on product applications, geographic footprint and partner focus. This replaces the previous reporting structures based on geographical regions and we no longer report the product areas as a secondary segment.

IFRS 16 has not been applied on the segment reporting. The comparable figures for 2019 have been re-stated and goodwill has been reallocated to the new Business Areas.

Risks and uncertainties

The Group's significant risks and uncertainties consist primarily of business risks, and financial risks associated with currencies and interest rates. Through the company's international operations, the Fagerhult Group is subject to financial exposure arising from currency fluctuations as well as the regionalised uncertainty of political situations.

The most prominent risks, however, are currency risks arising from export sales and imports of raw materials and components. This exposure is reduced by hedging the flow of sensitive currencies, based on individual assessment. Currency risk also arises in the translation of foreign net assets and earnings.

For more information about the company's risks, refer to the 2019 Annual Report and the section on risks on the Group's website. In addition to the risks described in the company's Annual Report and the Covid-19 section of this report, no other significant risks are considered to have arisen.

Strategy and Outlook for 2020+

Whilst we report a somewhat more stable situation, there continues to be uncertainty in the market, especially with the growing concerns of a second wave of Covid-19 with localised lockdowns now appearing. Consequently, we maintain our view not to provide further forward looking guidance for the balance of 2020.

We have commented regarding a lower market activity level and with some signs of flattening out and the impact this will have on order intake. This will provide a challenge in the third quarter. Also, we comment regarding a reduced and further reducing cost base which will continue for the remainder of the year.

Beyond 2020, the Group's overall strategy and focus remains intact, to deliver high-quality professional lighting solutions to our customers within our 10 focus application areas.

To strengthen our approach and further reinforce the Group's position we have during Q1 launched our new structure with 4 business areas for our 13 brands. The new business area setup will strengthen collaboration and enable us to address many organic growth opportunities in the medium-to-longer term and bring benefits to our customers.

In addition, we continue to make good progress with connected solutions, and this remains a key part of the strategy. In the new setup we take a Group-wide approach and coordinate the Group's activities in one central function that includes our lighting controls brand, Organic Response. We experience an increased demand for our solutions and beginning of August we opened a new Competence Centre for the Organic Response Technology in Linköping Sweden. This team will complement our team in Melbourne, Australia and increase support to our customers in local markets.

Declaration

The Board of Directors and Chief Executive Officer warrant that the interim report gives a true and fair picture of the company's and Group's operations, financial position and results, and describes all significant risks and uncertainties faced by the Group

Habo, 12 August 2020
AB Fagerhult (publ)

Jan Svensson
Chairman

Eric Douglas
Vice chairman

Morten Falkenberg
Board Member

Cecilia Fasth
Board Member

Annica Bresky
Board Member

Teresa Enander
Board Member

Patrik Palm
Board Member & Employee Representative

Lars-Åke Johansson
Board Member & Employee Representative

Magnus Nell
Board Member & Employee Representative

Rasmus Nilsson
Board Member & Employee Representative

Bodil Sonesson
President and CEO

This report has not been subject to a review by the company's auditor.

Interim report for the third quarter 2020 will be released on 23rd October.

Information can be obtained from;

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AB Fagerhult (publ.)
Corporate ID no. 556110-6203

Group

Income statement

	2020 Q2 3 months	2019 Q2 3 months	2020 Q1-2 6 months	2019 Q1-2 6 months	2019/2020 Jul-Jun 12 months	2019 Jan-Dec 12 months
Net sales	1,726.0	2,055.4	3,415.4	3,649.7	7,610.6	7,844.9
Cost of goods sold	-1,106.8	-1,285.6	-2,202.5	-2,260.5	-4,736.6	-4,794.6
Gross profit	619.2	769.8	1,212.9	1,389.2	2,874.0	3,050.3
Selling expenses	-373.8	-469.9	-809.2	-792.2	-1,715.3	-1,698.3
Administrative expenses	-143.5	-133.4	-312.0	-292.3	-650.4	-630.7
Other operating income	51.7	8.3	72.6	28.2	117.9	73.5
Other operating expenses	-	-	-	-	-	-
Operating profit	153.6	174.8	164.3	332.9	626.2	794.8
Financial items	-25.4	-19.4	-52.7	-51.0	-100.8	-99.1
Profit before tax	128.2	155.4	111.6	281.9	525.4	695.7
Tax	-29.4	-40.9	-29.2	-74.4	-135.7	-180.9
Net profit for the period	98.8	114.5	82.4	207.5	389.7	514.8
Net profit for the period attributable to shareholders of the Parent Company	97.6	111.9	80.7	203.7	385.4	508.4
Net profit for the period attributable to Non-controlling interests	1.2	2.6	1.7	3.8	4.3	6.4
Sum	98.8	114.5	82.4	207.5	389.7	514.8
Earnings per share, based on earnings attributable to shareholders of the parent during the year:						
Earnings per share before dilution, SEK	0.55	0.74	0.46	1.56	2.19	3.32
Earnings per share after dilution, SEK	0.55	0.74	0.46	1.56	2.19	3.32
Average number of outstanding shares before dilution, thousands	176,136	150,941	176,136	130,411	176,136	153,274
Average number of outstanding shares after dilution, thousands	176,136	150,941	176,136	130,411	176,136	153,274
Number of outstanding shares, thousands	176,147	176,136	176,147	176,136	176,147	176,136
STATEMENT OF COMPREHENSIVE INCOME						
Net profit for the period	98.8	114.5	82.4	207.5	389.7	514.8
Other comprehensive income						
<i>Items which may not be reversed in the income statement:</i>						
Revaluation of pension plans	-	-	-	-	-7.2	-7.2
<i>Items which may be reversed in the income statement:</i>						
Translation differences	-285.0	7.5	-90.6	61.6	-99.9	52.3
Other comprehensive income for the period, net after tax	-285.0	7.5	-90.6	61.6	-107.1	45.1
Total comprehensive income for the period	-186.2	122.0	-8.2	269.1	282.6	559.9
Comprehensive income attributable to shareholders of the Parent Company	-187.4	119.4	-9.9	265.3	278.3	553.5

Balance sheet

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Intangible assets	5,968.7	6,197.2	6,042.2
Tangible fixed assets	2,698.6	2,737.1	2,807.8
Financial assets	218.5	157.6	204.9
Inventories	1,260.5	1,332.9	1,247.1
Accounts receivable - trade	1,363.6	1,556.4	1,426.8
Other non-interest-bearing current assets	218.2	246.6	229.8
Cash and cash equivalents	1,176.6	989.1	1,133.5
Total assets	12,904.7	13,216.9	13,092.1
Equity	5,498.6	5,208.0	5,501.2
Long-term interest-bearing liabilities	4,614.0	4,878.9	4,648.2
Long-term non-interest-bearing liabilities	1,064.7	1,112.8	1,167.1
Short-term interest-bearing liabilities	219.3	440.7	222.1
Short-term non-interest-bearing liabilities	1,508.1	1,576.5	1,553.5
Total equity and liabilities	12,904.7	13,216.9	13,092.1

Cash flow statement

	2020 Q2 3 months	2019 Q2 3 months	2020 Q1-2 6 months	2019 Q1-2 6 months	2020 Jul-Jun 12 months	2019 Jan-Dec 12 months
Operating profit	153.6	174.8	164.3	332.9	626.2	794.8
Adjustments for non-cash items	45.7	-40.0	227.9	40.3	576.8	389.2
Financial items	-7.7	-25.9	-35.0	-39.0	-85.6	-89.6
Tax paid	-22.7	-71.0	-74.1	-138.6	-178.9	-243.4
Funds contributed from operating activities	168.9	37.9	283.1	195.6	938.5	851.0
Change in working capital	61.3	108.1	35.0	32.6	159.3	156.9
Cash flow from operating activities	230.2	146.0	318.1	228.2	1,097.8	1,007.9
Cash flow from investing activities	-30.4	-78.1	-179.0	-2,809.1	-274.8	-2,904.9
Cash flow from financing activities	-65.7	-229.4	-66.2	2,735.6	-608.3	2,193.5
Cash flow for the period	134.1	-161.5	72.9	154.7	214.7	296.5
Cash and cash equivalents at beginning of period	1,110.2	1,152.9	1,133.5	808.4	989.1	808.4
Translation differences in cash and cash equivalents	-67.7	-2.3	-29.8	26.0	-27.2	28.6
Cash and cash equivalents at end of period	1,176.6	989.1	1,176.6	989.1	1,176.6	1,133.5

Key ratios and data per share

	2020 Q2 3 Months	2019 Q2 3 Months	2020 Q1-2 6 months	2019 Q1-2 6 months	2020 Jul-Jun 12 months	2019 Jan-Dec 12 months
Sales growth, %	-16.0	44.6	-6.4	35.6	15.7	39.6
Growth in operating profit, %	-12.1	4.9	-50.6	9.1	-14.6	12.6
Growth in profit before tax, %	-17.5	-0.3	-60.4	-1.2	-20.8	4.3
Operating margin, %	8.9	8.5	4.8	9.1	8.2	10.1
Profit margin, %	7.4	7.6	3.3	7.7	6.9	8.9
Cash liquidity, %	68.1	49.0	68.1	49.0	68.1	63.8
Net debt/EBITDA ratio	3.3	3.6	4.5	4.0	3.2	2.9
Equity/assets ratio, %	42.6	39.4	42.6	39.4	42.6	42.0
Capital employed, MSEK	10,332	10,528	10,332	10,528	10,332	10,372
Return on capital employed, %	6.6	6.7	3.5	8.7	6.5	10.8
Return on equity, %	7.2	8.8	3.0	11.3	7.3	13.5
Net debt, MSEK	3,657	4,331	3,657	4,331	3,657	3,737
Gross investment in non-current assets, MSEK	40.7	77.1	81.3	141.9	182.1	242.7
Net investment in non-current assets, MSEK	40.7	77.1	81.3	141.9	182.1	242.7
Depreciation/amortisation/impairment of non-current assets, MSEK	120.8	123.5	244.5	213.5	509.8	478.8
Number of employees	4,640	4,136	4,579	4,360	4,549	4,465
Equity per share, SEK	31.22	29.57	31.22	29.57	31.22	31.23
Number of outstanding shares, thousands	176,147	176,136	176,147	176,136	176,147	176,136

For more information about the Key ratios and the definitions applied, please refer to AB Fagerhult's website under "Investor/Financial data/Financial glossary." The website also includes the definition of any Alternative Performance Measures used whereas this report details the financial aspect to these.

Changes in equity

	Attributable to shareholders of the Parent Company					Total equity
	Share capital	Other contributed capital	Reserves	Retained earnings	Non-controlling interest	
Equity at 1 January 2019	65.5	205.0	-238.2	2,096.9		2,129.2
Net profit for the period				203.7	3.8	207.5
Other comprehensive income			61.6	-		61.6
Total comprehensive income for the period			61.6	203.7	3.8	269.1
Acquired Non-controlling interest					33.5	33.5
Issue in kind (11,244,805 shares)	6.4	820.2				826.6
Performance share plan				2.5		2.5
Equity at 30 June 2019	100.2	3,195.5	-176.6	2,051.6	37.3	5,208.0
Equity at 1 January 2020	100.2	3,194.6	-185.9	2,352.4	39.9	5,501.2
Net profit for the period				80.7	1.7	82.4
Other comprehensive income			-90.6	-		-90.6
Total comprehensive income for the period			-90.6	80.7	1.7	-8.2
Performance share plan				5.6		5.6
Equity at 30 June 2020	100.2	3,194.6	-276.5	2,438.7	41.6	5,498.6

Parent company

Income statement

	2020 Q2 3 Months	2019 Q2 3 Months	2020 Q1-2 6 Months	2019 Q1-2 6 Months	2019/2020 Jul-Jun 12 months	2019 Jan-Dec 12 months
Net sales	4.0	3.8	7.6	7.5	13.9	13.8
Administrative expenses	-19.8	-15.1	-38.8	-28.8	-62.0	-52.0
Operating profit	-15.8	-11.3	-31.2	-21.3	-48.1	-38.2
Income from shares in subsidiaries	214.6	49.1	214.6	49.1	309.3	143.8
Financial items	-13.9	1.8	17.8	-10.7	66.9	38.4
Profit before appropriations and tax	184.9	39.6	201.2	17.1	328.1	144.0
Group contributions received	-	-	-	-	268.0	268.0
Tax	-	-	-	-	-57.8	-57.8
Net profit	184.9	39.6	201.2	17.1	538.3	354.2

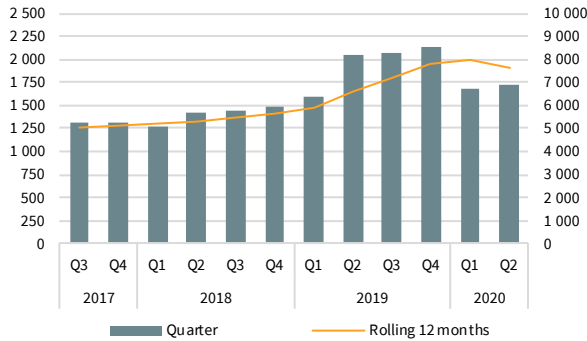
Balance sheet

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Financial assets	7,286.8	7,607.4	7,889.8
Other receivables	132.1	87.5	196.0
Cash & Bank	648.1	245.2	325.7
Total assets	8,067.0	7,940.1	8,411.5
Equity	4,029.4	3,486.2	3,824.1
Long-term interest bearing liabilities	3,420.1	4,042.6	3,423.9
Long-term non interest bearing liabilities	0.2	1.7	0.2
Short-term interest bearing liabilities	583.8	395.0	1,114.3
Short-term non interest bearing liabilities	33.5	14.6	49.0
Total Equity and Liabilities	8,067.0	7,940.1	8,411.5

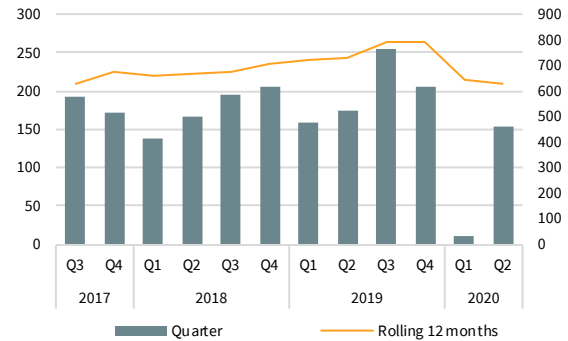
Changes in equity

	Share capital	Statutory reserve	Retained earnings	Total equity
Equity at 1 January 2019	65.5	159.4	469.1	694.0
Issue in kind (11,244,805 shares)	6.4		820.2	826.6
Rights issue (50,298,038 shares), net amount, after issue cost	28.3		2,170.3	2,198.6
Performance share program			1.4	1.4
Net profit for the period			17.1	17.1
Dividend paid, SEK 2.00 per share			-251.5	-251.5
Equity at 30 June 2019	100.2	159.4	3,226.6	3,486.2
Equity at 1 January 2020	100.2	159.4	3,564.5	3,824.1
Performance share plan			4.1	4.1
Net profit for the period			201.2	201.2
Equity at 30 June 2020	100.2	159.4	3,769.8	4,029.4

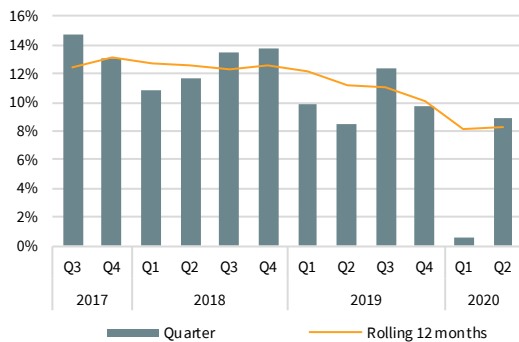
Net sales, MSEK



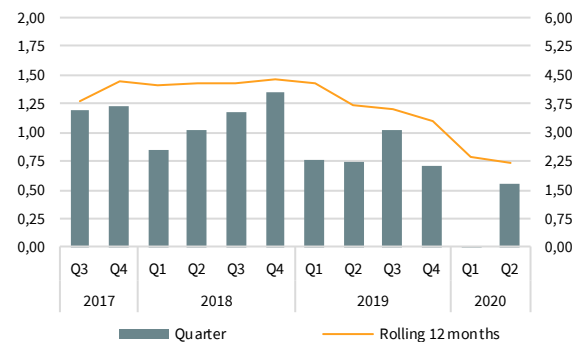
Operating profit, MSEK



Operating margin, %



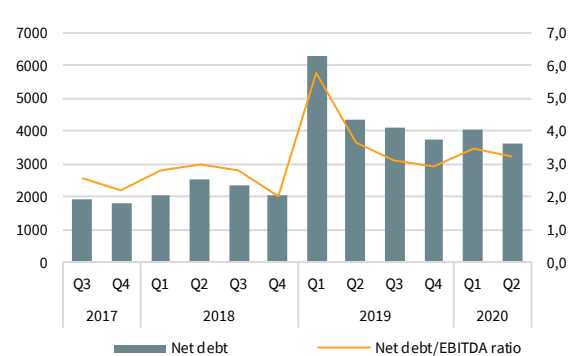
Earnings per share, SEK



Operating cashflow



Net debt and Net debt EBITDA ratio

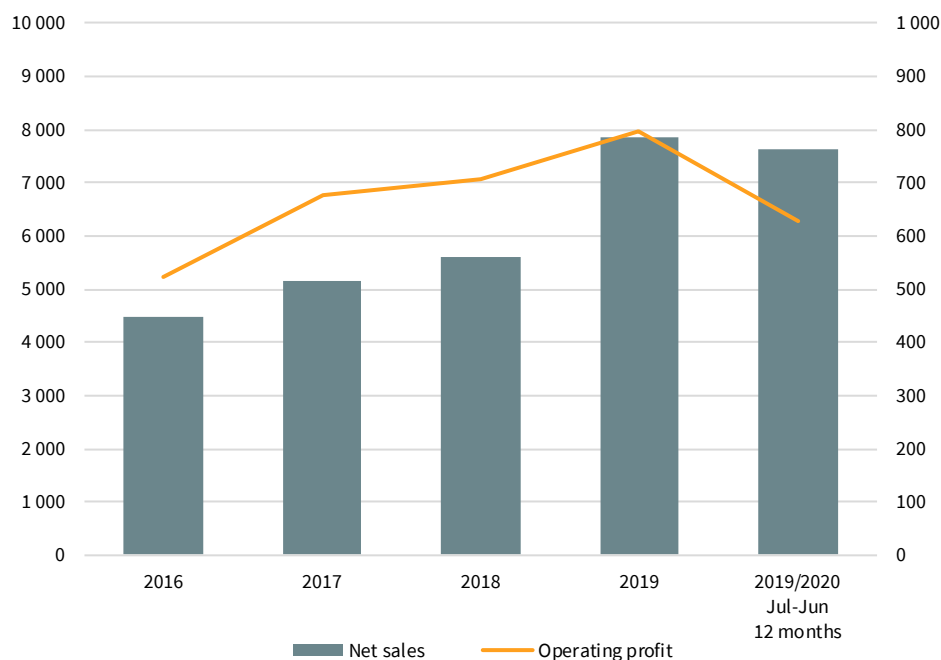


Key ratios and data per share

	2016	2017	2018	2019	2019/2020 Jul-Jun 12 months
Net sales, MSEK	4,490.7	5,170.3	5,621.0	7,844.9	7,610.6
Operating profit, MSEK *	524.2	677.9	705.8	794.8	626.2
Profit before tax, MSEK *	514.7	652.5	666.7	695.7	525.4
Earnings per share, SEK *	3.35	4.32	4.39	3.32	2.19
Sales growth, % *	14.9	15.1	8.7	39.6	15.7
Growth in operating profit, % *	32.4	29.3	4.1	12.6	-14.6
Growth in profit before tax, % *	36.5	26.8	2.2	4.3	-20.8
Operating margin, % *	11.7	13.1	12.6	10.1	8.2
Net debt/EBITDA ratio *	1.9	2.2	2.0	2.9	3.2
Equity/assets ratio, % *	33.8	31.0	32.2	42.0	42.6
Capital employed, MSEK *	3,581	4,670	5,010	10,372	10,332
Return on capital employed, % *	16.8	16.8	14.8	10.8	6.5
Return on equity, % *	24.9	28.1	25.0	13.5	7.3
Net debt, MSEK *	1,222	1,830	2,073	3,737	3,657
Net investment in non-current assets, MSEK *	169.0	177.1	123.3	242.7	182.1
Depreciation/amortisation/impairment of non-current assets, MSEK *	121.2	158.2	320.3	478.8	509.8
Number of employees	2,787	3,241	3,384	4,465	4,549

* Impacted by IFRS 16 from 2019-01-01

Net sales and operating profit, MSEK



IFRS 16 Leases

This note explains the effects in the Group's financial report when applying IFRS 16 Leases. In the balance sheet and income statement, IFRS 16 leases had the following impact:

IFRS 16 Balance sheet impact

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Tangible fixed assets	888	939.4	931.2
Financial assets	5.2	2.0	3.7
Other non-interest-bearing current assets	-18.8	-18.5	-18.7
Equity	-17.2	-6.6	-11.8
Long-term interest-bearing liabilities	745.0	773.3	779.7
Short-term interest-bearing liabilities	146.7	156.2	148.3

IFRS 16 Income statement impact

	2020 Q2 3 Months	2019 Q2 3 Months	2020 Q1-2 6 Months	2019 Q1-2 6 Months	2019/2020 Jul-Jun 12 months	2019 Jan-Dec 12 months
Reversal of leasing costs under IAS 17	43.1	42.9	87.5	78.4	175.8	166.7
Depreciation	-41.0	-41.3	-83.0	-75.1	-168.3	-160.4
Operating profit	2.1	1.6	4.5	3.3	7.5	6.3
Profit before tax	-3.8	-4.0	-8.9	-8.7	-15.9	-15.7
Net profit for the period	-2.9	-3.0	-6.8	-6.7	-11.9	-11.8